

**2003 Secretary of Defense Annual Report to the
President and the Congress**

Table of Contents

Part I: Annual Report from the Secretary of Defense

Introduction	1
A Defense Strategy for the 21 st Century	
Fitting the Force to the Mission	
Investing in Transformation	
Balancing Risk	
Force Management Risk	11
Maintain a Quality Force	
Ensure Sustainable Military Tempo and Maintain Workforce Satisfaction	
Maintain Reasonable Force Costs	
Shape the Force of the Future	
Operational Risk	41
Do We Have the Right Forces Available?	
Are Our Forces Postured to Succeed?	
Are Our Forces Currently Ready?	
Are Our Forces Employed Consistent With Our Strategic Priorities?	
Institutional Risk	49
Streamline the Decision Process, Improve Financial Management, Drive Acquisition Excellence	
Manage Overhead and Direct Costs	
Improve the Readiness and Quality of Key Facilities	
Realign Support to the Warfighter	
Future Challenges Risk	65
Drive Innovative Joint Operations	
Develop More Effective Organizations	
Define and Develop Transformational Capabilities	
Define Skills and Competencies for the Future	

Appendix: Department of Defense FY 2002 Performance Report and FY 2004 Performance Plan	85
--	----

Part II: Statutory Reports

Report of the Secretary of the Army	143
Report of the Secretary of the Navy	163
Report of the Secretary of the Air Force	169

Appendices

A. Budget Tables	185
B. Goldwater-Nichols Act Implementation Report	187
C. Resources Allocated to Mission and Support Activities	199
D. Personnel Tempo	211